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ARGENTINA - RAILWAY TRANSPORTATION

PRINCIPLES

1. Present Argentine policy on railway transportation reflects the economic and political philosophy of the nationalist government. The government has specifically stressed the public service aspect of rail transportation as contrasted with the profit-making incentive. A high government official recently described the transportation system, with particular reference to railways, as the key to Argentine production. Loans to neighboring countries for the construction of rail-road lines, and cooperation with Brazil in the construction of an international bridge demonstrate that it is a feature of Argentine policy to improve rail connections with its neighbors.

The current Five-Year Plan provides for the intensification of government controls over the nation's economy, including a complete reorganization of the transportation system and an intensive technical educational program.

Basic railroad policy in Argentina is strongly influenced by the trend toward state ownership of the various forms of transportation. In its initial stages, this trend concentrated on lines in the less developed areas of the country. It later included the Argentine State Railways System (Administracion de Ferrocarriles del Estado), and by 1946, had encompassed nearly one-third of the total rail mileage.

After protracted negotiations with the Government of Argentina, British interests controlling nearly two-thirds of all mileage recently agreed to sell their holdings to the Argentine Government. Other lines owned by French capital, constituting nearly 10 per cent of the total, have likewise been acquired by the Argentine Government. It appears that formal ratification of these transactions by the stockholders will be forthcoming.

2. Under a Government decree of 15 July 1947, a new Secretariat was created responsible to the President, known as the National Economic Council (NEC). Its function is to coordinate the entire Argentine economy. Integration of transportation is accordingly a part of NEC's responsibility.
3. Both economic and military considerations have influenced Argentine rail policy. Railroads have opened up the interior for shipment of agricultural and pastoral products. Foreign capital was primarily attracted by the economic opportunities of rail development. On the other hand, strategic considerations have prompted the construction of some lines having no economic justification. The present nationalistic government appears to be particularly aware of the strategic aspects of proposed railway construction. For example, strategic and military considerations were undoubtedly responsible for the drive to complete the 180 km. Pedro Vargas - Marlague line to the Andean slopes to transport livestock, oils, precious metals, Mendoza coal, copper, lead and vanadium. That the line runs through a military outpost

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and near the Nihuil hydroelectric damsite may have strategic importance. In the race against Brazil to the southeastern Bolivian oil fields, Argentina installed rail connections from Yacuiba through Villa Montes to Santa Cruz.

4. To attract foreign capital, largely British and French, former Argentine Governments guaranteed a return of 7 per cent on railway investments. It was also necessary to offer inducements in the form of land grants and cash subsidies. As a result, in the eighty years from 1857 to 1937 about \$1,500,000,000 of British capital was invested, with additional large sums from a few French operators.

Under the provisions of the Mitre Law passed in 1907, railways have been exempt from customs duties on materials imported for use of the lines, as well as from national and provincial taxation. In return for such exemptions, the lines have been obligated to pay the government 3 per cent of net receipts, such payments being applied to improvements of highways and bridges. A further major form of indirect subsidy was the guarantee that additional concessions would not be granted to other interests within certain areas during the life of an agreement.

The provinces, on authority from the national government, have been empowered to grant concessions to railway interests, in order to further the development of the areas under their jurisdiction.

It is probable that the character of subsidies will change after the completion of the nationalization program. Deficit appropriations, as required, are expected to be adopted.

The current Five-Year Plan includes an appropriation for 800,000,000 pesos covering the purchase of equipment and rolling stock, and the improvement of rail connections with Chile, Brazil and Bolivia. The plan, however, does not provide for extensive construction of new lines.

5. Railway policy in Argentina has been strongly influenced by: (1) vested interests, largely British and French capital; (2) economic requirements, such as the program to develop the interior; and (3) geographic factors (Argentina, unlike Brazil or the US, has no extensive river system, and has had to develop rail and highway facilities to serve adequately the great pampas regions).

The nationalist complexion of the present government will undoubtedly result in careful examination of all future plans for railway construction to ensure the protection of strategic and political national interests.

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B. ORGANIZATION

1. Ministry of Public Works:

Director General of Railroads

2. The Ministry of Public Works is responsible for railway transportation policy. The Director General of Railroads implements laws pertaining to railroads. He inspects railroads and supervises railway operation and construction. He initiates projects for extension of existing lines and the construction of new lines. He approves operating schedules, and collects, compiles and publishes statistics. The Office of the Director General is subdivided into sections responsible for:

Administration
Construction
Tariffs and Statistics

The Director General has a staff of railway inspectors.

3. Rail policy is integrated with policy on all forms of transportation at the level of the National Economic Council.
4. It is reported that a new transportation law is under consideration which may carry far-reaching changes in the organization of transportation responsibility.
5. Argentine railroads have been generally credited with a higher level of operating efficiency than any other South American system. This has been primarily due to the predominant British control. The US-trained Director General of Railroads is considered capable, however, and the impending elimination of British control may not be greatly detrimental to efficiency. On the other hand, governmental reorganization measures will introduce new control personnel, and may adversely affect operational standards.

C. ADMINISTRATION

1. New railroad lines are proposed by the Director General of Railroads, who submits his documented recommendations to the Congress. Any subsequent construction is under his supervision.
2. The Director General determines rates. Changes in current rates are expected, in view of the recent purchase of all lines by the state. The 1944 railroad rates are currently applicable.
3. With the assumption of state control of all railroad operations, competition will now be confined to quality of service rendered. Uniform rates will be applicable to all the lines, including those still temporarily under British operation.

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4. Inspection and safety of equipment is a responsibility of the Director General of Railroads. Pertinent regulations were first approved in 1894 and modified as occasion demanded. The enforcement of these safety and inspection regulations is carried out by the staff of inspectors responsible to the Director General of Railroads. Regulations governing the safety of the operating personnel are determined by the Secretary of Labor and Social Welfare and enforced by that office.
5. The training of operating engineers is under the Director General of Railroads, whose office issues licenses required for operating locomotives. The training of other operating and shop personnel has been left to the individual lines. However, the Five-Year Plan provides an intensive technical education program for all media of transport.
6. International rail traffic is covered by agreements with neighboring countries which permit through passenger and freight traffic and the interchange of rolling stock (except locomotives). The country of destination picks up passenger and freight cars with its own motive power at frontier stations. There appear to be no international agreements on traffic or equipment pools, joint facilities, rates or routes.
7. The Director General of Railroads requires daily and comprehensive monthly reports covering traffic, operating costs and revenues, rates and other operating data. Reports concerning accidents and conditions of employment are routed to the Secretary for Labor and Social Welfare. Such reports have a bearing on government consideration of wages, personnel insurance and social security matters.